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Executive Registry
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6 October 1952

MEMORANDUM FOR: Deputy Director (Administration)

SUBJECT : Staff Study on Health Insurance for CIA Personnel

1. This study recommends the extension of GHI Insurance (Blue Cross and Blue Shield) to all categories of Agency personnel, except deep cover. Agency participation in the Government Employees Health Association would cease, and the present members would have coverage transferred to GHI. The program contemplates internal administration and internal management of records and collections.

2. I have examined both the staff study and the insurance question against several backgrounds and will comment with respect to them.

a. Is the extension of GHI Insurance, as recommended, an improvement on the present system?
Yes. There is full agreement on this point.

b. Can any further consolidation of the many remaining loose ends of the Agency insurance problem be tied into this proposal?
No. GHI concerns itself only with health insurance. We cannot solve the other various insurance problems, such as life, medical disaster, theft, etc., through it.

c. Do we endanger a later all-inclusive insurance program by entering into this commitment with GHI?
No.

d. Is there any objection, from a business point of view, to the approval of this staff study?
Yes. The Agency will be giving to GHI all its health insurance business and will, in addition, be paying the salaries of seven clerks and providing them office space. *If the study is approved*, I would suggest it be qualified as follows:

> "I approve, as a matter of policy only, the extension of GHI Insurance as indicated in this study. However, I do not, at this time, approve an Agency contract with GHI that commits the Agency to subsidization of seven insurance clerks plus their office space. Rather, negotiations should be continued with GHI for

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a contract which is the best contract that this Agency can negotiate. When this contract is drawn, it should be submitted to the Deputy Director (Administration) for approval. If negotiations involve only the question of the amount of salaries that is to be borne by the respective parties, then both arrangements for office space and the recruitment of personnel should be started."

e. Where will approval of the extension of GHI leave us?
With an interim improvement, and this only for the health side of the insurance problem.

f. What should be done to solve the various remaining insurance problems?
Delegate the responsibility for doing this to one person. Many offices and individuals have attacked various segments of the problem, but none feel the responsibility for continuing or for bringing the whole question to a conclusion.

g. Do we need outside help?
Yes. All the people with whom I have talked admit their incompetency and bring up questions which they just do not have the training to answer.

[redacted] 25X1A

SA/DD/A:RDHH:jec (6 October 1952)

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